

December 7, 1933

Mr. Fred Sutter,  
State Counsel,  
Home Owners' Loan Corporation,  
Professional Building,  
Phoenix, Arizona

My dear Mr. Sutter:

In answer to your communication of October 5, 1933, requesting a ruling by this office regarding bonds of the Home Owners' Loan Corporation as permissible investments for building and loan associations, insurance companies, banks, trust companies, trustees, executors, guardians and administrators, I advise that it is the opinion of the Attorney General that such bonds may be accepted for real estate mortgages by the above named companies, associations and fiduciaries in exchange for real estate mortgages held by them under their implied power to use reasonable business judgment in the protection of an investment legally made.

The making of an original investment in these bonds, however, presents a different question and in this connection I advise that savings banks and building and loan associations by reason of the statutory limitations on the investment of their funds are not permitted to make original investments in these bonds.

Insurance companies having invested in securities as designated in Subsections 1 and 2 of Section 1806, R. C. A., 1923, in an amount equal to the paid-up capital stock required of such insurance business may invest the balance of their capital and accumulations in the purchase of these bonds upon approval of the Corporation Commission of the State.

The investments of trust funds are governed by the terms of the instrument creating the trust or are

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subject to the approval of the court overseeing the administration of the trust.

Executors or administrators are limited in the investment of their funds to securities of the United States or of the State of Arizona by virtue of Section 4067, R. C. A., 1928, and by reason of such limitation cannot invest in the bonds of the Home Owners' Loan Corporation as an original investment. Guardians, however, are allowed to make any investment which is approved by the court having supervision of their administration by virtue of the authority found in Sections 4131 and 4137 of the R. C. A., 1928.

I am of the opinion that the commercial banks of the State of Arizona, by reason of the fact that their investments are not limited by the laws of this state, can invest in these bonds.

I believe that the foregoing fully covers the inquiries outlined in your letter.

Yours very truly,

Attorney General

FWS/CD

Assistant Attorney General